



# Are Entrepreneurs Happier Than Other People?

The shorter answer is yes. But it's more complicated than that.

BY ANDREW BLACKMAN

**S**tarting a business doesn't make most people rich, but it makes plenty of people happy.

Despite dismal failure rates, long hours, low income, high stress levels and a host of other problems, entrepreneurs report consistently higher rates of happiness than wage-earning employees.

All of those problems do take away from entrepreneurs' happiness, of course—but the positives of running a business are so strong that they outweigh the negatives.

"If you look at the data, it turns out that entrepreneurs on average earn less money than a typical employed person, work 13 hours more a week and report that it's a very stressful occupation," says Boris Nikolaev, assistant professor of entrepreneurship at Baylor University in Waco, Texas. "But despite that, there's overwhelming evidence in the literature that entre-

preneurs report significantly higher levels of job satisfaction."

That's the big picture—and it's an important one. But look deeper, and the picture gets more nuanced, and more interesting. Research reveals what specifically brings happiness to entrepreneurs, and what doesn't. It shows what types of entrepreneurs are happy. And it shows that the ingredients of happiness differ for men and women and more.

Here are some of the highlights from the research.

## Entrepreneurs are happy but also stressed

Academics have been asking entrepreneurs how happy they are for years, and the results are consistent, but also a little paradoxical. "Entrepreneurs are happier in terms of all indications

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## Starting a Business? Be Happy.

*Continued from page* of life satisfaction and work satisfaction,” says Ute Stephan, professor of entrepreneurship at King’s College London, who conducted a comprehensive review of more than 100 academic studies on entrepreneurship and well-being. “However, they might be more stressed than the rest of us, as well.”

This unusual mix of stress and happiness comes about, she says, because entrepreneurs tend to be deeply invested in their businesses, and their passion is a double-edged sword: It gives them a sense of purpose and autonomy, but it can also lead to worry, late nights, overwork and stress.

Prof. Stephan says it’s common for entrepreneurs to feel so passionate about what they do that they keep working longer than they should. That can quickly lead, she says, to disrupted sleep, especially because they continue to worry about work even when they have finished for the day—which affects their productivity and creativity the next day.

The stress and workload have a strong negative effect, as is evident in other studies, but the sense of doing something important and being their own boss is so gratifying that it outweighs all those negatives and leaves them happier overall.

“What they are doing is important to them, it’s part of who they are, it’s part of their identity, and that’s why it has such a positive impact on well-being,” says Prof. Stephan.

### Growth isn’t the answer

Research has clearly established that overall, entrepreneurs are relatively happy. But it’s also important to look at some of the elements that chip away at some of that happiness.

Growth, for instance. If you run a small business, it’s natural to want it to grow. But will that make you happy? The results of a Swedish study of more than 1,000 small-business owners suggest otherwise. The researchers found that the owners of larger firms were no happier than those with smaller businesses.

Participants were asked to answer questions and rate their agreement with various statements on a scale from 0 to 6. Owning a bigger company was correlated with higher financial satisfaction (“How satisfied are you with the profitability of your business?”).

But that benefit was canceled



“What we found is that much more important than decision-making freedom is the sense of doing something profoundly meaningful,” Prof. Stephan says. “That really energizes you, and as an entrepreneur you really need that energy to be creative and to do the work that’s important to you.”

But finding meaning in work doesn’t have to be about changing the world. Framing work in terms of performing an important service can help even entrepreneurs in less glamorous industries find meaning and happiness—such as contractors who help people build a dream home, or accountants saving people from disastrous money problems.

### Men vs. women

When it comes to the qualities entrepreneurs need if they are going to be happy, the answer is different for men and women. Creativity is the key ingredient to women’s happiness, the research shows. For men, on the other hand, the crucial factor is

teamwork.

Keith Hmieleski, professor of entrepreneurship at the Neeley School of Business at Texas Christian University in Fort Worth, Texas, surveyed 303 founding CEOs of small businesses across the U.S., asking people to rate their agreement with various statements reflecting creativity (such as, “I like to think of new ways to do things” and “I pride myself on being original”) and teamwork (such as, “I work at my very best when I am a group member” and “I gladly sacrifice my self-interest for the benefit of the group I am in”).

### Life vs. business

The men who rated themselves more highly for teamwork tended to be happier, as were the women who rated themselves more highly for creativity. The key to happiness—and success—is to buck stereotypes and master the qualities not typically associated with your gender, says Prof. Hmieleski. Men and women who did so experienced both more happiness and stronger company performance.

“I think it’s a matter of balance,” Prof. Hmieleski says. “In entrepreneurship, there’s a common stereotype of the ‘great man’ engaging in a lone risk-taking exercise, but in reality, entrepreneurship is more like raising a family, and communal and empathetic characteristics are just as important.”

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out by the stress of having more work and less free time (“I frequently feel rushed due to insufficient time at work”).

“When business owners think about how their life would be if the company was larger, they probably think about things like how fun it would be to hire employees and to earn more money,” says Filip Fors Connolly, research coordinator for the Department of Sociology at Umeå University in Sweden. “But they may not think about the increased workload and time pressure to the same extent. It’s easy to forget or downplay that side.”

### A sense of autonomy and doing something important can outweigh stress.

worked an average of 2.56 hours more a week than they had wanted to in the first year of self-employment, rising to 5.44 hours extra in year five.

What does all of this mean for entrepreneurs? When you’re planning a new venture, you should try to consider how it will affect your life as a whole.

“My recommendation is to try to assess many more aspects than just the business’s potential success or failure,” Prof. Stutzer says. “What you need isn’t just a business plan, but actually more of a life plan.”

### A search for meaning

In the past, many studies of

entrepreneurship have focused on autonomy as the key driver of happiness for entrepreneurs. You’re in charge, you make the decisions, you decide how to spend your time.

But in a recent study, Prof. Stephan discovered that autonomy alone isn’t enough. It’s important, to be sure—but what entrepreneurs need, above all, is meaning.

She analyzed survey data from over 22,000 people in 16 European countries, comparing their feelings of happiness with the extent to which their work gives them a sense of meaning and autonomy.

Happiness was measured by asking people to think about the past two weeks and rate how much they agree with statements like “I have felt active and vigorous” and “I have felt cheerful and in good spirit”; with meaning, it was statements like “You have the feeling of doing useful work.”

Finally, she measured autonomy with questions such as, “Are you able to choose or change your order of tasks?”

She found that entrepreneurs experienced higher levels of happiness than wage-earning employees (4.37 vs. 4.28 on a scale of 1 to 6), as well as higher levels of meaning (4.56 vs. 4.25 on a scale of 1 to 5) and autonomy (2.66 vs. 1.95 on a scale of 0 to 3).

Using regression analysis, she discovered that meaning was the decisive factor in entrepreneurial happiness.

## When Two Jobs Can Be Better Than One

Moonlighting can improve your performance in your primary job

By HEIDI MITCHELL

**Moonlighting** may actually help you do better at your day job.

Hudson Sessions, an assistant professor in the department of management at the University of Oregon, noticed a few years ago that friends were keeping their full-time jobs but joining the gig economy on the side, such as driving for Uber or selling their art on Etsy.

So, he decided to research the phenomenon of side hustles—and found something surprising. Contrary to the popular wisdom, moonlighting doesn’t leave people worn out and unproductive from 9 to 5. Instead, side gigs can make people feel more empowered—and thereby more productive at the office.

Dr. Sessions and his colleagues—

whose results were recently published in the *Academy of Management Journal*—posted ads on large social-media networking groups, asking people to take a series of surveys about the nature of their supplementary work. Participants were asked about the complexity of their side work; their motives for the work; and the empowerment they did or didn’t gain from their second job (that is, the extent to which they felt that they could control their supplementary work and its context).

The study showed that supplementary work frequently enables side hustlers to feel empowered by taking ownership of self-directed work—which was especially true for those who were motivated beyond making money, says Dr. Sessions.

“When people seek extra work to build relationships or help others, they tend to feel more empowered by their side hustle than if they just moonlighted for more

income,” Dr. Sessions says.

In a second study, his team recruited 80 workers who had side hustles and had worked at their day jobs for an average of 10 years. They also recruited a co-

worker of each participant.

Across two weeks, the moonlighters filled out a survey about their engagement and empowerment at the end of a day’s side gig. Then, the next morning, at their full-time jobs, they rated their mood and how much they

thought about their side hustle. Their co-workers, meanwhile, rated the side hustlers’ performance on those same days.

Side hustlers self-reported that they were preoccupied with their after-hours gigs the next morning, due to being deeply engaged in that work. That would seem to indicate that side gigs hurt their performance at their regular job the day after.

But that wasn’t the whole story. The moonlighters’ colleagues rated their co-workers’ performance significantly *higher* on those same days.

So, the uplift in mood had a statistically stronger positive effect on employee performance than the negative effect of being distracted—even if the moonlighters didn’t see things that way.

“Organizations want exclusive rights to their employees, but perhaps that idea of ownership is misplaced,” says Dr. Sessions.

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